

client ALERT

PENNSYLVANIA SUPREME COURT UPHOLDS MUNICIPALITY'S BUSINESS PRIVILEGE TAX ON CONTRACTORS

Most Pennsylvania municipalities have a "Business Privilege Tax" (BPT), which imposes a tax on the gross receipts for work performed in the municipality, including construction work. Previously, municipalities could only impose their BPT on contractors who maintained an office within the municipality. A recent decision by the Pennsylvania Supreme Court, however, has dramatically changed the scope of who is liable to pay the BPT. In the case of V.L. Redina Inc. v. City of Harrisburg and Harrisburg School District, the Supreme Court held that the City could impose a BPT on a contractor despite the fact that the contractor did not have a permanent office in the city.

As a result, there is a likelihood that municipalities will start enforcing their respective ordinances against out of town contractors. In fact, municipalities are permitted to go back a number of years and assess not only the tax but also interest and penalties.

If you believe that this may be an issue for your business or just need some clarification, please contact Lonny Cades at [215-564-1700](tel:215-564-1700) or lcades@cohenseglias.com



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